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DCI BRIEFING FOR
15 MAY NSC MEETING

PANAMA

I. Mr. President, two intelligence assessments are appropriate to today's deliberations:

- The consequences of several possible results of the current canal negotiations, and
- The present mood and tactics of the Panamanian Government regarding the negotiations.

A. On the possible results of negotiations, our estimate focusses on three major possible courses of events.

First Scenario

II. The first scenario assumes that a treaty is signed, and both Panama and the US begin the ratification process.

A. The Panamanian Government will be able to obtain prompt ratification of any treaty that General Torrijos endorses and energetically supports.

1. Torrijos fully dominates the political

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scene -- a unique position for a Panamanian leader dealing with the US.

- B. The principal uncertainty is the timing.
 - 1. Torrijos probably would act fairly quickly, before the US Senate. He would hope, among other motives, to influence the Senate and place the onus for any failure squarely on the US.
- C. Under this scenario, we do not believe that a future Panamanian Government would denounce such a treaty, although it is always possible. The advantages accruing to Panama would be substantial, and, perhaps more important, would increase as time passes.

Second Scenario

- III. Under the second scenario, a treaty is signed but the US Senate fails to act for an extended period, or rejects it entirely.
 - A. In the case of extended delay, Panama's reaction would depend on Torrijos' perception of the reasons for the delay and of the chances for eventual ratification -- and on how much

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confidence he retained in the US executive branch's intentions.

1. We believe that Torrijos would have difficulty living with an extended delay.
2. Within a year, he would bow to nationalist pressure and openly criticize the delay. We could expect some demonstrations and some harassment of US personnel.
3. But as long as Torrijos believed the door still open for US ratification, he would control the level of the Panamanian response.

B. The consequences would be much more serious if the Senate rejected a treaty. Nationalistic feelings would be ignited, and give rise to violence and rioting against US installations.

1. After initial disorders, we believe that Panama would begin more calculated hostile acts designed to impede operation of the canal, such as closure of Canal Zone borders.
-- Terrorists would move against US installations, and US personnel would be in some physical danger.

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-- Torrijos would probably break relations with the US and denounce the 1903 treaty.

2. International support for Panama would be extensive, especially elsewhere in Latin America. This would deal a severe blow to prospects for a multilateral dialogue and damage the climate for bilateral relations. Regional organizations would be more inclined to exclude the US.

Third Scenario

- IV. In the third scenario, the negotiators cannot agree and talks break down. What happens would depend on Torrijos' perceptions.
 - A. If he believed talks might be resumed on his terms, he would maintain a responsible image for a while.
 - B. If in fact talks were not resumed fairly soon, however, we could expect Panama to follow tactics like those described in the case of Senate rejection -- harassment and a break in relations.
 - C. Torrijos would adopt such tactics quickly if he concluded at the outset of a break-

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down that there was no hope for resuming the talks. He might well feel a sense of betrayal, and react emotionally and aggressively.

1. If so, his government would then play a greater role in directing the popular response, and there would be a greater chance that members of the National Guard would join in the harassment.
2. There would be less prospect for any meaningful communication between the US and Panama.

Present Thinking in Panama

- V. The mood of the Panamanian Government seems to be changing. We have recently noted signs of growing apprehension about the prospects for a new canal treaty.
 - A. The change has sprung from fear that opposition in the Congress, and the domestic problems that you would face in getting a treaty ratified, will undermine the will to conclude one.
 - B. There is also concern about the argument

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being made by some in the US that a treaty meeting Panama's aspirations would be viewed as a foreign policy weakness, and that the US should stand firm.

- VI. These concerns about what they take to be the situation in the US have caused the Panamanians to adjust their tactics.
- A. First, they are trying to get across the message that they want and must have a treaty, and are willing to worry later about the acknowledged difficulties of ratification.
1. They are now suggesting that they could tolerate a delay in ratification if a satisfactory treaty is negotiated and signed -- and that the prospects for ratification should not be allowed to influence the content of the treaty.
- B. Secondly, sensing that negotiations are reaching a critical point, Panamanian leaders are conducting a vigorous campaign to get world opinion on their side.
1. Within the hemisphere, this effort has become particularly intense. Between

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them, Foreign Minister Tack and Torrijos himself have visited some nine Latin American countries within the last several weeks.

2. Panamanian representatives will eventually go to all the remaining Latin American countries, as well as to any international meetings where support might be obtained.

VII. Finally, on the two main unresolved substantive issues:

A. On the question of the duration of a treaty, Panama has twice announced publicly -- most recently in the March 1973 UN Security Council meeting in Panama -- that it can never accept a 50-year period.

1. To most Panamanians this sounds like perpetuity, a key factor of the 1903 treaty they insist must be changed.

B. As for the issue of land and water, the Panamanians are insisting that the US retain for use only the land and water essential for the operation, maintenance and defense of the canal.

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1. We believe that Torrijos must obtain some visible benefit to Panama on this issue at the treaty's outset, especially adjacent to Panama City and Colon.

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